

The COMMUNIST INTERNATIONAL

Vol. VI No. 19.

Workers' Library Publishers,
35 East 125th St., New York.

TEN CENTS

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1889-1914-1929 The Second International Anniversary Celebration

DURING the centenary celebrations of the fall of the Bastille—July 14th, 1789—the representatives of the international Socialist proletariat met in Paris to found a world organisation which should rally revolutionary forces for the overthrow of a more powerful, a mightier and more frightful Bastille—international capitalism. The fact that the work accomplished—the Second International—after a period of great and promising advance, was destroyed by internal decay and broke down at the decisive moment, twenty-five years after its foundation, should not prevent us from remembering and mentioning its fortieth anniversary. We should do so because those who brought about the breakdown, and who have meanwhile developed from traitors to the proletarian revolution and lackeys of the bourgeoisie into conscious and active bourgeois and the first defenders of the capitalist order, will use this opportunity for the purpose of presenting their “Labour and Socialist International,” which

they have made one of the strongest supports of the international organisation of imperialism, as the re-establishment and continuation of that Second International. This they do in order to hide its real character—and their own—from the working masses.

In recalling the foundation of the Second International,, our work will be more useful if we discuss it in connection with the fifteenth anniversary of the outbreak of the imperialist war, which is also the anniversary of the collapse of the Second International.

THE Second International, founded in 1889, was the successor of the Communist League of 1847 and the First International of 1864. The period from 1848 to 1871 witnessed the death of many varieties of pre-Marxist Socialism and the victory of Marxism, which from then onwards remained the ruling system of Socialism. It was also the period in which the idea of independent workers' parties found embodiment when the

workers were freed from the political leading strings of the bourgeoisie. All this was the result of the first stormy development of industrial capitalism on the European continent.

Then followed, from 1872 to 1914, coinciding with the period when industrial capitalism completed its development and displayed, increasing with each grave crisis, its internal contradictions, from the last great European war to the first great imperialist war, from the Paris Commune to the Russian Revolution, the period of the formation and development of Socialist Labour parties as representatives of an organised mass movement of the proletariat. This is the period of great growth in the trade union and co-operative organisation of the working class, in its great political organisations, in its daily press. In this period the "process of rallying and concentrating the forces of the proletariat, and its preparation for the future struggles" was completed (Lenin in *Pravda*, 1.3.1913.) This period includes the foundation and growth of the Second International.

Various fruitless attempts preceded the foundation of the Second International. They expressed a new wave in the working class movement of the most important countries, which took the form of numerous great strikes in the eighties. The immediate occasion of the demand for an international organisation of the labour movement was the struggle for labour protection, for social legislation. The existence of such legislation in one industrial country affected the others, and the workers grew to realise the international importance of the question.

Other facts, too, supplied the conditions necessary for the renewal of the workers' international. "If the First International died because of the desertion of the anarchists on one hand, and the Trade Unions on the other, the time was now ripe to renew it at a higher level. The anarchists had 'shut up shop' everywhere . . . while on the other hand the Trade Unions had been startled out of their narrow backwardness as the English world market monopoly was more and more broken by German, French and American competition. They lost their more or less protected position and were none too gently pushed back on to the side of the international proletariat."

(Mehring, *History of German Social Democracy*, pp. 296-7.)

The decisive impulse came from Germany, and justified the conclusions of Marx and Engels who had discussed the question of the rebirth of the workers' international in their letters, maintaining that one of the most important conditions for the foundation of a labour international was that it should have strong support in one country.

THE St. Gallen Congress of the German Social Democratic Party in 1887 instructed the executive to call, in conjunction with the workers' associations of other countries, a General International Labour Congress in the autumn of 1888, for the purpose of organising measures in all countries designed to bring about international labour protection legislation.

The Congress took place a year later than the Germans had requested. Like the First International in its time, it conducted a struggle against the right and the left, against the opportunists and the anarchists. The extreme right wing of the labour movement at that time was holding a parallel congress, also in Paris, under the leadership of the French Possibilists, and the anarchists entered stormily into the proceedings of the foundation Congress of the Second International. The French organisers of the Congress did what was in their power to give the Congress a revolutionary Marxist character. In his opening speech, Lafargue contrasted capitalist France and bourgeois Paris with proletarian Paris, "the capital of the international proletariat and of international Socialism," and in brief but telling words dealt with the traditions of the "great revolution" and the "rights of men and citizens" which "are nothing but the rights of bourgeois money-bags." These sharp and incisive words were of great value in those days, when the centenary celebrations of the 1789 revolution had clouded the minds of many workers and many Socialist leaders with their democratic-republican fog. Wilhelm Liebknecht, who was elected with Vaillant to the presidium of the Congress, proclaimed the historical connections of the Congress in the words: "This Congress is the work of the International

Workingmen's Association," the First International.

The proceedings of the Congress showed that both left and right dangers were present in the International that was being formed. This was demonstrated in the debate on the Opportunist Congress proceeding at the same time. Fusion was proposed from many sides, and energetically rejected by the French Socialists, who called the Possibilists allies of the French bourgeois republicans. The great majority of the Congress, however, decided in favour of negotiations with the Opportunists and when these broke down, attributed the failure to the obstinacy of the Possibilists rather than to any decisive difference in principle between the two bodies.

It was Friedrich Engels himself who, because he recognised the great historical importance of the Congress and the new international, stated and criticised the Opportunist weaknesses manifested at its birth. It can be seen from his letters to F. A. Sorge that in his leaflets—he called them pamphlets—he opposed the Opportunists and the conciliatory attitude of Bebel, Liebknecht and others ("our sentimental conciliatory brothers").

IN these attacks, Engels was continuing the work which until 1883 he had carried on with Marx, and after the latter's death, alone, work directed mainly against the German Social Democrats, a constant stream of criticism of the weaknesses in the movement. While, in England and America, where there was a strong trade union movement and no political workers' movement, Marx and Engels fought against "pure trade unionism" and sharply criticised the Socialists because of their sectarian attitude, their inability to work among and influence the masses, in Germany and France, where there was a strong political proletarian movement, the fight against the dangers of an Opportunist permeation of the movement appeared the most important. Marx and Engels early realised the dangers of Opportunist stagnation in the working class movement of England, where the monopoly profits of British imperialism enabled certain sections of the working class to be corrupted. In a letter to Marx, dated October 7th, 1858, Engels wrote: "that the English

proletariat is actually becoming more and more bourgeois, so that it seems as though this most bourgeois of all nations wishes to have a bourgeois aristocracy and a bourgeois proletariat besides its actual bourgeoisie. In a country which exploits the whole world, this is to a certain extent justified." (Correspondence, Vol. II. p. 290.) In Germany, however, where industrial capitalism was still developing and where there was no labour aristocracy, the right wing danger arose principally from the petty bourgeois elements in the party, not only from the small independent handworkers, small dealers, etc., but also from home workers and apprentices who in the early days formed a great part of the membership of the German S.D.P. and supplied many of its leaders. There were also the intellectuals who entered the Party, filled with the ideas of academic and other bourgeois Socialists. The famous letter on the Gotha programme and indeed the whole Marx-Engels correspondence, contains a great abundance of critical material on these points. These two also exposed the social roots of opportunism within the party; Engels wrote in a letter to Bernstein on 30 November, 1881, dealing with the results of the recent Reichstag elections:

"The centre of gravity in the movement has shifted to the industrial towns from the Saxon semi-agricultural districts . . . which gives rise to an entirely new position. The class which is revolutionary by virtue of its economic position has become the kernel of the movement." (Bernstein, *Letters from Engels*, p. 44.)

THE fight against ultra-left tendencies in the Second International ended at the London Congress in 1896 with the expulsion of the anarchists. At the same time a new right danger was developing within the Second International, and particularly within its leading parties, the danger of revisionism, which indicated the changes in the sources, the character, and the whole development of opportunism.

In the meantime the centre of gravity in the German Social Democratic movement had become definitely established in the industrial areas, although this was accompanied by a great increase in the number of intellectuals,

who occupied many leading positions, particularly in the press and in parliamentary activity. The reason for this large number of intellectuals was the fact that, after the abolition of the anti-Socialist laws, the legal Social Democratic Party in Germany, where there was no bourgeois democratic movement or party, was the only representative of democracy and consequently strongly attracted democratic-bourgeois intellectuals. It was they who formulated the ideas of revisionism, expressed them most completely and clearly, and misled Franz Mehring into believing that they were the chief exponents of revisionism. They were joined by the growing number of party trade union and co-operative bureaucrats. There was, however, a profound social cause for the trade unions finally becoming the seat of opportunism, of revisionism. This was the great advance of German capitalism in the nineties, which brought with it an improved standard of life for large sections of the German working class. While the political system of junker absolutism and capitalism made any conspicuous political, "practical" success or achievement for the workers impossible, and even led to actual reaction (the abolition of the franchise in Saxony), the trade unions, during this decade, won some important victories, and the total effect was an appreciable rise in real wages. And so while, on the one hand, the trade union leaders were utilising this situation to emphasise the superiority of trade union as against the political movement—an attitude which had occasioned sharp division at the Cologne Party Congress in 1893—the improvement in living conditions resulting from trade union successes, the growth in the party and the increase in the number of their Reichstag deputies, their gains in a number of State and municipal bodies, created in a section of the workers an atmosphere favourable to the growth of the revisionist idea of the gradual "seizure of power" and "peaceful development" into Socialism.

Until the opening of the twentieth century these deeper roots of revisionism were not brought to light, for two reasons. Firstly, because the Marxist tradition in the German labour movement was too strong for any essential part of the working class or the social

democracy to be able to formulate openly as a theory the opportunist tendencies which were really present. Moreover, opportunist practice or passivity was cloaked by the members, in all good faith, with the phraseology of theoretic Marxism or by a disarming acknowledgment of Marxism. Secondly, this Marxist tradition induced the conscious revisionists to give a Marxist mask to their opportunism.

All these factors made Mehring, in the conclusion to the last edition of his *History of the Party* in December, 1903, describe the conflict between Party and Trade Union as wholly unimportant, while of revisionism he wrote: "It lives only in a sickly decay." Mehring displays interest only in the question of its origin, without giving a correct solution of the problem. This was written immediately after the Dresden Party Congress at which it seemed that revisionism had received the final knock-out blow. The reason for the Marxist victory at Dresden is given in the following quotation from Lenin's article, *Opportunism and the Collapse of the Second International*, written in January, 1916:

"The relatively peaceful character of the period from 1871 to 1914 was the soil on which flourished opportunism, which was at first a feeling, then a tendency, and finally became a group or section of the labour aristocracy and the petty bourgeois fellow travellers. These elements could only get the working class movement under their influence by recognising revolutionary aims and revolutionary tactics in words." (Lenin, *Complete Works*, Vol. 19, p. 7.)

THE picture changed two years after the Dresden Congress, or rather the real picture became visible. German imperialism had just set out upon its fight for capital export markets and extra profits. The imperialist idea seized the petty bourgeoisie. While extra profits for German capital gave rise to a relatively well-paid upper section of the working class, the growing competitive struggle and the crises which grew more acute excluded the possibility of an all-round rise in real wages. Trade union struggles became struggles to defend the wage level attained. Their intensification, and the

revolutionising effect of the first Russian Revolution brought about a general sharpening of the class struggle which implies, finally, an attack on imperialism itself. This was the situation at the time of the Cologne Trade Union Congress in May, 1905, where the reformists predominated. The fight was directed against the left wing of the Party. A resolution was taken against agitation for a general strike of the trade unions, and a suggestion was even made to postpone the May Day celebration to the evening. This proposal was a bit too much for the delegates, and they rejected it. The events at the Cologne Congress naturally exercised great influence over the Party Congress which was held at Jena in September of the same year. Bebel issued a warning to the trade unions: "You are on a suicidal road, which will end in destruction." Dealing with the Jena Congress, Lenin wrote:

"To the honour of the German Party, it can be said that it looks the danger straight in the eye. It has not glossed over the fact of extreme 'Economism'; it has used no bad evasions or subterfuges (as Plekhanov did at our Second Congress). No, it diagnosed the disease quite clearly, it decisively and unambiguously condemned the harmful tendencies and appealed to all members of the Party to fight against them." (Lenin, *Collected Works*, Vol 8, p. 238.)

This praise had soon to be modified, after the 1907 International Congress at Stuttgart, where half the German delegation, the trade union representatives, took up the attitude of opportunist neutrality and the majority of the German delegates were in favour of the reformist resolution on the colonial question, although they finally voted against it at the Congress. These were the years of reaction after the defeat of the first Russian Revolution, years also of imperialist progress, when revisionism carried on its own practical policies, which went to the length of voting for the budgets in the South German Landtag.

THE fight against revisionism was being undertaken almost exclusively by the extreme left wing of the party, led by Rosa Luxemburg and Karl Liebknecht, and

closely associated with the Russian revolution. The executive, with Kautsky and Bebel at the head, began to take up a conciliatory attitude towards revisionism, particularly towards the brand preached by the trade unions. At the same time the most obvious indication of the victory of opportunism was given by the Austrian S.D.P., in which the political trade union and co-operative organisations split along "national" lines. This was a result of the approach of social democrats in separate countries to their "own" bourgeoisie, and an omen of the great fights which were to arise on the national question and on the position of Austria generally.

AFTER the Dresden Congress and the International Congress at Amsterdam, the star of German Social Democracy, as the leading party in the Second International, began to wane. It had won this leadership because, apart from the Russian social democrats, whose position was, however, "abnormal" and whose struggle was not taken as the measure for the tactics of the international, its class struggle against the bourgeoisie and its hostility to the political system which prevailed was more intense and sharp than that of the other parties, and it seemed, consequently, that the German S.D.P. was less liable to stagnation. The second greatest section, the French Socialist Party, was on the other hand destined to bring forth, from the soil of a bourgeois democracy overwhelmed with glorious revolutionary traditions and of its airy illusions, the classic form of "practical politics," opportunism, ministerialism. The intellectuals played a great part in this, for France is the typical country of the predominance of lawyers and journalists in politics. In Germany the fight for democracy, for democratic reforms, in which the Social Democrats stood alone, and the desire for democracy was a not over-abundant source of democratic illusions, but in France all democratic politics was influenced by the fact of union with bourgeois democracy in the struggle against clerical monarchist reaction, a struggle which ruled the whole political life of France at the time of the second Dreyfus trial. In such an atmosphere was ministerialism born, or rather,

as far as France was concerned, reborn, for it had existed in 1848. Millerand's entry into the Waldeck-Rousseau Cabinet was the most obvious practical demonstration of opportunism and gave rise to bitter disputes in the International, which came to a head at the Amsterdam International Congress in 1904. This Congress witnessed the last triumph of German social democracy as the leading party of the International: the Dresden resolution was adopted as a decision of the International. The fact that Kautsky, with the help of an india-rubber, made the decision somewhat more flexible, does not affect the external results of this triumph.

This action of Kautsky's, which met the wishes of Jaurès, enabled the latter to make a left gesture and abandon Millerand. So the unity of the French Socialist Party was re-established, under the leadership of Jaurès, the reformist genius of the Second International, who from that time played an increasingly important part. German predominance was lessening. At the Stuttgart Congress, which we have already mentioned, the German S.D.P. had lost its character of a leading party. The more remarkable, therefore, is the fact that the Bolsheviki, the forerunners of the Third International, made their influence felt at this Congress, and with the help of the German "left radicals" introduced into the resolution on war the famous sentence which recurred in the Basle resolutions and which was so distasteful to the social chauvinists on the outbreak of war, because it could not be twisted to suit their purposes.

THE leadership of the Second International was in the hands of the German-French-Austrian trinity, Bebel, Jaurès, Adler. The spirit of compromise prevailed among the leaders, and, as the world war drew nearer, and helplessness and despair arose as to what should actually be done in the event of war, then the hour of Victor Adler had come. He had become a political leader in the dark hours of the Hapsburg Empire, and had learnt how to hide reformist policy under clever phrases and to pass as a Marxist. At Basle that Congress whose helplessness was hidden by eleven speeches, he was the leading man. The great importance of

Austro-Marxism as the theory leading from Marxism to social patriotism and then from social chauvinism to social fascism, was already apparent at that Congress.

In the epoch of imperialism the question was no longer one of the petty bourgeois roots and forms of opportunism. The petty bourgeoisie had long given up having its own ideas; it had surrendered to the bourgeoisie. The similarity of opportunism as it existed among the workers and among the petty bourgeoisie consisted in the fact that a part of the proletariat, the labour aristocracy and the workers it influenced, had, just like the petty bourgeoisie, accepted the imperialist ideology of the bourgeoisie. The social basis for this acceptance was their desire to defend their privileged position against any attack on the power, as imperialists, of their "own" bourgeoisie, a power on which that privileged position depends. The slogan of "defence of the fatherland" hid the slogan of "defence of our higher standard of life" and of our great political, trade union and co-operative machine, with its economic enterprises, against the dangers which would threaten it from a revolutionary policy. "The revolutionary armies of the proletariat were sacrificed to the maintenance of the existing legal organisations." (Lenin, *The Collapse of the Second International*, 1915.)

That is why the entire organisation of the social democratic labour movement, in which a growing number of employees pursued their own ends, was not, at the decisive hour, used as the proletarian stronghold against the bourgeoisie. That was the beginning of the fusion of that organisation with the State machine, with the whole organisational system of capitalism. It is clear that opportunism in the epoch of imperialism and of a labour aristocracy leads directly to a war policy and to the collapse of the Second International. "Social chauvinism is the consummation of opportunism," wrote Lenin and Zinoviev in 1915 in their pamphlet *Socialism and the War*.

For Lenin, a thorough examination and explanation of the rôle of the Second International, of its development up to the collapse in the war, and of the causes of that collapse, was of course an essential preliminary to the

foundation of the new, Third International. He was able, and he only, to explain the whole problem of the Second International and of the proletarian International in all its depths and aspects. He was also the first to proclaim the complete collapse, the final breakdown of the Second International. On November 1st, 1914, his article on the *Situation and Tasks of the Socialist International* appeared in the foreign organ of the Russian Bolsheviks. In this he stated the fact and the causes of the collapse of the International ("the Second International, vanquished by opportunism, has died"), and also drew the conclusions of that collapse:

"The Second International has fulfilled its duties of carrying on useful preparatory work for the organisation of the proletarian masses in the long 'peaceful' epoch of most oppressive capitalist slavery and of most rapid capitalist development, the last third of the nineteenth century and the opening years of the twentieth. To the Third International falls the task of rallying the forces of the proletariat for the revolutionary attack on capitalist domination, for the civil war against the bourgeoisie of all countries to seize political power, and for the victory of Socialism." (Lenin: *Collected Works*, Vol. 18, p. 71.)

Lenin dealt most exhaustively with the analysis of opportunism as the cause of the Second International's collapse, in the pamphlet from which we make the following quotation, which puts the main points as briefly as clearly, the pamphlet on *The Collapse of the Second International*:—

"Opportunism is the abandonment of the basic interests of the masses in favour of the temporary interests of a diminishing minority of workers; or, in other words, the alliance of one part of the working class with the bourgeoisie against the masses of the proletariat. The war has made this example conspicuous and convincing. Opportunism arose in a decade because of the peculiarities of that epoch in capitalist development when the comparatively peaceful and cultural existence of one section of privileged workers made them bourgeois. Crumbs fell to them from the richly-decked table of profits on national capital, crumbs which freed them from the needs and privations, from the revolutionary

feelings of the impoverished masses. The imperialist war is the direct continuation and consummation of that state of affairs, for it is a war for the privileges of the large states, about their share in colonies, about their rule over other nations. The defence and strengthening of their privileged position by this 'upper section,' these petty bourgeois or aristocrats (and bureaucrats) of the working class is the natural result of their petty bourgeois opportunist hopes and of their corresponding tactics in time of war; and it is also the economic basis of the social imperialism of our day." (Lenin: *Collected Works*, Vol. 18, p. 267.)

Further in the same work (p. 273) he writes:

"Opportunism before the war—speaking of Europe generally—was so to speak in its adolescence. With the war it reached man's estate and can no longer be considered 'innocent' or childish. There has grown up a social group of parliamentarians, journalists, officials in the labour movement, of privileged employees and workers, which has become part of the national bourgeoisie which, in its turn, has learned to appreciate and 'adapt' itself to that group."

Fifteen years have passed since the breakdown of the Second International and the development of opportunism has not been arrested. It has outlived the phase of social chauvinist manhood and has as it were attained the ripe years of social fascism. On a national scale in the social democratic parties of to-day, and on an international scale in the so-called Labour and Socialist International, it has become the strongest and most important pillar of the entire capitalist-imperialist system. This development is one with which that Second International, founded in 1889, despite its opportunist weaknesses, has nothing to do. It is but part of the utter shamelessness of the worst treachery in political history, for the spokesmen of this imperialist international to go back further in seeking the origin of their celebrations, than that day fifteen years ago, when the Second International collapsed and the foundation-stone of social fascism was laid. The social fascist international is connected with the Second International of the pre-war days only in so

far as it has inherited all the opportunist errors, all the products of that bourgeois-imperialist process of internal decay in the upper ranks of the working class movement, only in so far as it has inherited all the treachery ever practised in and upon the working class movement. It is the dust-heap where everything opportunist and treacherous that the Communist International rejects finally lands.

THE Third International is the real continuation and completion of the work of the First International, founded by Marx and Engels, and the inheritor of everything healthily revolutionary in the Second International, of the proletarian forces steeled in the fire of the imperialist world war and of the civil wars in the period of world-revolution. That is why the Third International as a whole, all its sections and all its adherents must learn the lessons which the history of

the foundation, growth and collapse of the Second International offers in such abundance for the revolutionary, the Marxist-Leninist. The most important of these lessons, for us to-day, is this, that the growth of opportunism in the Second International and its fatal (fatal, that is, for the Second International) victory was, subjectively, brought about by the fact that the great majority of its leaders—quite apart from the open and deliberate opportunists—did not recognise the dangers of opportunism in time and, in so far as they did recognise them, failed to fight them with the necessary vigour and consistency. Opportunism, and a conciliatory attitude towards opportunism, were the main subjective reasons for the decay, the collapse of the Second International.

The importance of this lesson from the history of the Second International needs no particular emphasis or analysis.

The ENGLISH EDITION of the *COMMUNIST INTERNATIONAL*
is published twice monthly.

Subscription Rates 8s. per annum in England, \$2 per annum in U.S.A.
post free through any bookseller.

On the Road to a New Revolutionary Rise

By S. Gusiev

A NEW rise in the revolutionary workers' movement is developing in a number of capitalist countries. The strike movement is growing, economic strikes are being transformed into political strikes, class conflicts on an increasing scale are growing ever more frequent, and are beginning to acquire a revolutionary character; events of revolutionary importance are occurring in the colonies.

No matter how sharp the events of Vienna and Berlin, they were nevertheless only sectional, preliminary battles; only prerequisites and harbingers of a new round of wars and revolutions. There is no direct revolutionary situation as yet. No one knows or can know just when it will arrive and when a war will break out. The only thing that is clear is that a new flow of the international revolution is approaching swiftly, that it is not far off now.

One of the features of this approach of a new revolutionary rise is the fact that in the leading capitalist countries (Germany and Britain) the bourgeoisie has been compelled to bring into action its last reserve: Social-democracy. The Muller and MacDonald Governments have accepted the task entrusted to them by the bourgeoisie,—to break the rising movement of the workers, establish a fascist dictatorship and prepare for war, a war first and foremost, against the U.S.S.R. The cunning of social-fascism is clearly demonstrated by the fact that at the very moment when MacDonald was informing the world of the arrival of a new era of democracy, pacifism and trade with the U.S.S.R., the congress of German social-democracy was vigorously applauding Zörgiebel and Wels as the proclaimers and introducers of a fascist dictatorship, and were also adopting a new war programme chiefly directed against the U.S.S.R. The development of social-imperialism into social-fascism indicates the beginning of a big withdrawal of the workers from the

social-democratic parties. The workers are beginning to shed the democratic-pacifist illusions taught them by these parties. In Germany that process is well advanced, in Britain on the contrary there will inevitably be a brief flourishing of these illusions, after which will follow a clarification and revolutionary development. The main political content of the present period of development consists in this factor of the workers shedding their democratic-pacifist illusions. When this process has developed among the most important sections of the workers, the present sectional revolutionary struggles will be followed by general revolutionary struggles for power in some of the chief capitalist countries.

The foremost representatives of the bourgeoisie are beginning to understand this feature of the present political situation. In Baldwin's apt phrase they are beginning to talk of a period of "Kerenskyism" having set in in Germany. This issue is receiving great consideration by the intelligent newspaper of the Liberal German bourgeoisie, the *Frankfurter Zeitung*, although it is by no means alone in this. Dealing with the shooting down of the Berlin workers this newspaper reproached German social-democracy with "Kerenskyism," and said that by their "Kerenskyism" the social-democrats were preparing for the arrival of . . . not Bolshevism, oh no, but Fascism. From this seemingly amusing confusion two sound ideas nevertheless emerge: first that in the opinion of the *Frankfurter Zeitung* the movement is towards a new revolutionary rise, and secondly, that this Liberal newspaper regards the shattering of the democratic illusions among the working class as a symptom of this rise. Undoubtedly there is a grain of truth in the comparison of the present situation in Germany with the "Kerensky" period. "Kerenskyism" was a period during which the workers and peasant masses outlived the illusions which preceded

the October revolution. But it must not be forgotten that "Kerenskyism" was a directly revolutionary period, whereas in Germany the revolution has not yet begun; that is a decisive difference, although undoubtedly the growth of the revolutionary workers' movement in Germany is considerably in advance of that in other capitalist countries. With Germany's aid we can look ahead somewhat and see the main features of the new rise in the revolutionary workers' movement in other countries where it has not so far developed so strongly as in Germany.

The representatives of the great bourgeoisie are sometimes able to make notably exact deductions, going right to the essence of a given political situation. One of the most solid German economic journals, the *German National Economy*, writes, for instance: "The course of the lamentable May Days in Berlin. . . has made it clear that the strength of the Bolshevik slogans in Germany . . . is sufficient for the first two stages, for demonstration and for shooting, but is still insufficient for the third stage, for the general strike and the revolution."

Very true, gentlemen, the time for the general strike and for an armed rising has not yet arrived. So far the revolutionary workers' movement has reached only to the mass political strike (you have overlooked that stage). But don't be anxious, you haven't very long to wait, your time is coming!

A COMPLEX PROCESS

A new rise in the revolutionary workers' movement is a very complex process. On the one hand it is a process of development of sectional struggles, both economic and political, defensive and offensive. On the other hand it is a process of transition to ever higher forms of mass attack. It is also a process of training and education in the preparation of the masses for the coming great revolutionary struggles for power, and a process of destroying the illusions of the masses and strengthening of their conviction as to the inevitability of a revolutionary sequel. At the same time it is a process of demarcation and deploying of forces for the coming big struggles, and the development of the new revolutionary rank-

and-file leaders. Simultaneously it is a process of preparation of the proletarian advance-guard for the rôle of a revolutionary staff, educating, training, mobilising, and leading the millions of toilers into the revolutionary battles.

There is no opportunity, nor is there any necessity for us to specify all the aspects of the process of development of a new rise in the revolutionary workers' movement. As the development proceeds, first one then another aspect will come to the forefront as the most important. And as first one then another aspect arises so one or another tactical problem will emerge.

The tactical tasks and the methods of deciding are not invented in the mind but are dictated by the situation. It is no accident that during the months that have followed the Sixth Congress of the Comintern the central task has been the unmasking of the "left-wing" social-democrats and the struggle against the right-wing deviation in the Comintern sections, which are essentially one and the same task. Without an unswerving, persistent struggle against the "left-wing" social-democracy and against the right-wing deviation in the Comintern sections there can be no talk of those sections being able to tackle the enormous tasks which the coming rise of the revolutionary workers' movement and the international revolution generally are thrusting upon us. The struggle against the "left-wing" social-democracy and the right-wing deviation is at the present moment the chief preliminary condition both to aiding the working masses to emancipate themselves from the democratic pacifist illusions, and to educating and preparing them during the present sectional conflicts for the coming decisive battles. Along all these lines we shall continue to meet with the stubborn opposition of the right-wing, opportunist, liquidatory elements. Along the whole road to the new revolutionary rise we shall come into conflict with them, we shall pursue a resolute, ruthless struggle against them, so that we can purge our party from all opportunist elements. The higher the rise of the revolutionary workers' movement, the more insistently are we confronted with the task of ensuring a firm revolutionary leadership in

the sections of the Comintern, for the most dangerous thing in time of struggle is vacillation in the staff of the revolutionary army.

During the period which has elapsed since the Sixth Congress the struggle against the rightward deviation has led to a purging of the larger sections of the Comintern (Germany, Czecho-Slovakia) from all the outstanding liquidators. They have been put outside the party. The same purging of right-wing elements from the leadership is taking place, albeit in a somewhat different form, in the American C.P., where the right-wing elements are on the eve of resigning or of being excluded from the party. In the French C.P. the right-wingers are to all intents and purposes squeezed out of the leadership, which is now in the hand of young revolutionary workers; and in some places the right-wingers have been flung out of the party.

It would be a big mistake to think that the purging of the German and Czecho-Slovakian C.P. from their right-wing liquidatory elements is complete, or that the basic steps have already been taken in this sphere. That is not true. The work of purging the opportunist elements from these parties has only just begun. There are still many hidden opportunists in them, many irresolute members, who although they do not actually go with the right-wingers, and even act determinedly against them, nevertheless reveal their liquidatory nature at the first serious test, fall into a panic, bring vacillations and lack of confidence into the ranks of the workers, and abandon the party. There were isolated instances of this during the May Days in Berlin. There ought to be no place for that type of opportunist element in the leadership. So long as we were assembling our forces they could be tolerated. But now is beginning a period of revolutionary battles leading to a new series of revolutions and wars. The sections of the Comintern are confronted with exceptionally heavy tests. Consequently, to leave unstable, vacillating comrades (and, more still, conciliators in regard to the opportunists) in the leadership is highly dangerous.

During the period which has elapsed since the Sixth Congress the rightward deviation

has gone still further to the right. The rightward deviation is a social-democratic, men-shevik deviation, and it could not but move more to the right in accordance with the growth of social-democracy into social-fascism; a developing process in capitalist countries which is developing in Germany in more definite forms and at a greater speed. There is a general movement of all the opportunist reformist elements in the direction of counter-revolution,—from the right-wing social-democrats, the “left-wing” social-democrats, and the right-wing Communists to the conciliators. Nor could it be otherwise in face of an increase in the revolutionary struggles and the approach of a new rise of revolution.

Arising from this rightward movement the rôle of the rightwingers has changed. Formerly they concentrated their attention on working from within to prevent the transformation of the sections of the Comintern into genuine Bolshevik parties, firmly carrying out Bolshevik discipline and organising on the basis of factory and works nuclei. But now, whilst not foregoing that task, the right-wingers concentrate their forces on working from without to prevent the workers leaving the social-democrats and moving towards the party. This is the new factor in the right-wing deviation which has arisen during the past year. It arises out of the changed situation since the Sixth Congress, and out of the rise of the proletarian revolutionary movement in a number of capitalist countries.

This new factor is most evident in the estimate of social-democracy by the right-wing opportunists.

THE RIGHT WING AND SOCIAL DEMOCRACY.

Even during the Sixth Congress of the Comintern it was clearly revealed that the right-wingers radically disagreed from the Comintern on this point. The right-wingers were in complete disagreement with Congress decision to strengthen and intensify the struggle against social-democracy. They refused to admit the bourgeois counter-revolutionary character of social-democracy. They insisted on co-operation with social-democracy (Walcher in Germany, Sikora in Czecho-

Slovakia). The tactics of the right-wingers in France at the elections, and also certain errors in the C.P.G.B., arose out of the idea of co-operation with the Socialists.

Now, after the Zörgiebel shootings in Berlin, after the Magdeburg Congress of the German Social-Democracy, after the transition of social-democracy to social-fascism and the preparation of war on the U.S.S.R., an answer should be given anew to the question of the estimate of social-democracy.

The German right-wingers and conciliators have realised that it is impossible to avoid an answer to this question, and have hastened to say their word.

What is it they have said? The Brandlerites categorically deny the fascist degeneration of social-democracy. "To define the exploitation of bourgeois democratic methods of rule by social-democracy, or the social-democratic leaders' struggle towards dictatorship as social fascism, is merely to occupy oneself with empty talk," declares the Brandlerite organ *Against the Current* (No. 23) paying no attention whatever to the fact that Wels is openly talking of replacing democracy by dictatorship.

The Brandlerites are whitewashing the social-democrats, and in their zeal have reached the point in which they represent them as better than the social-democratic leaders themselves think they are. The Brandlerites assure us that not only is there no social-fascism, but that on the whole that danger is a very distant one. "The normal methods of rule and oppression which are peculiar to bourgeois democracy will for a long time [a long time!—S.G.] have nothing in common with fascism, owing to the fact that they are put into operation by social-democratic ministers," the Brandlerite *Against the Current* assures us (No. 23). In other words, for "a long time" yet the Zörgiebels of the various countries can go on freely killing the workers (and possibly the natives in the colonies?) in dozens (and possibly in hundreds?), can disperse the revolutionary workers' and peasants' organisations, stifle the revolutionary press, throw hundreds of workers into prison, and for a long time yet Brandler will declare that this "has nothing in common with fascism," and will resolutely

maintain that anyone who thinks this is social-fascism is simply an idle talker.

Note that this is the same view as held by the "left-wing" social-democratic *Leipzig National Newspaper*, which justified Zörgiebel with the observation that "as police-president of a capitalist State he has to resort to the measures which are inherent in that State." No fascism here! Only measures normal to a capitalist State or to bourgeois democracy, only measures or methods of rule and oppression inherent in or peculiar to them.

The Brandlerites are sweating in their efforts to find arguments to demonstrate that social-fascism does not exist.

Zörgiebel and Grzesinsky are not fascists, they are only laying down the road for fascism, the Brandlerites declare. "At a time when the policy of the social-democratic leaders represents the policy of trust capital and is a preliminary work for the fascist dictatorship, the Hittlerite fascist bands and the 'Stahlhelm' are on the other side gathering in order to make the fascist dictatorship the question of the day," writes the Brandlerite *National Right* (No. 20).

Finally, the Brandlerites are resorting to the argument that by accusing the social-democrats of social-fascism the C.P. is repelling the social-democratic workers, thus:—"By their shouts about social-fascism they are achieving a further isolation of the C.P. of Germany from the masses." "The social-democratic workers, with insignificant exceptions, do not understand the policy of their leaders at all as a betrayal. They may snort, but they still assent to their leaders' policy. That is again shown very clearly by the Magdeburg Congress," adds *Against the Current*.

Very well, our liquidatory friends! But if that is so, if the social-democratic workers agree to the policy of their leaders, then it is impossible to represent, as you do, the statement of Wels as "the social-democratic leaders' struggle for dictatorship"; then one has to admit that the social-democratic workers are in favour of a fascist dictatorship. The same argument which the Brandlerites tried to use against the C.P. of Germany is turned against themselves.

The Brandlerites have got into this mess because they have to prove at all costs that which is not provable. Why are they whitewashing social-democracy? Because the social-fascist degeneration of social-democracy is destroying the entire Brandlerite system of opinions. The degeneration of social-imperialism into social-fascism completely confirms the whole analysis made by the Sixth Congress, since social-fascism is only a reflection of the growth of the revolutionary struggle and of the approach of a new revolutionary rise. The Brandlerites are in tow to social-democracy, or to put it more exactly, to the "left-wing" social-democrats. Consequently, whilst the May shootings considerably restricted the limits in which the "left-wing" social democrats can manoeuvre ("left-wing" social-fascism provides very narrow limits in which to manoeuvre) the Brandlerites are left a quite insignificant space for manoeuvring between Communism and social-fascism. It was possible for a time to hold on simultaneously to the extreme right flank of the Third and the extreme left flank of the Second International. Now that intermediate position is going. In conjunction with the movement of the whole of the Second International towards social-fascism, its left-wing appendage, and all those innumerable right-wing, and also "left-wing" (Trotskyist) groups, are forced to move also.

On no question has the close relation between the rightward deviation and social-democracy been revealed so clearly as on that of social-fascism. Objectively the position of the right-wingers on this issue consists in a poorly-concealed defence of social-fascism and an attempt to restrain the workers' retreat from social-democracy and their approach to Communism.

THE SOCIAL-FASCISTS AND WAR ON THE U.S.S.R.

The attitude to a war against the U.S.S.R. is in the closest connection with the estimate of the rôle of social-democracy. It is quite clear that anyone who denies the social-fascist degeneration of social-democracy, anyone who whitewashes social-democracy, is bound inevitably to a smaller or larger degree to conceal the military designs of social-demo-

cracy, to excuse them, to avoid telling the whole truth about them; he will inevitably assist them in some form or other, even though that assistance finds expression only in failure to resist or inadequately to resist those military intentions.

These two issues—that of the attitude to social-democracy and the attitude to the war against the U.S.S.R.—have become a sounding board which will make it possible to establish the presence of even the slightest degree of opportunism. These two issues are already, and will continue in the future to be, decisive to the development of the revolutionary movement and for the ensurance of the defence of the U.S.S.R. Consequently, even slight vacillations on these issues are a great danger. Here, there must be no haziness, no reservations, no equivocation, no dodging, no provisos or exceptions. An unconditional struggle against social-democracy, an unconditional defence of the U.S.S.R. is unconditionally demanded of every Communist.

For quite understandable reasons the right-wingers and the conciliators have been very cautious in the formulation of their views in regard to war on the U.S.S.R. Try approaching the workers at the present time with any equivocal proposals which will have the effect of weakening the defence of the U.S.S.R.! Not for nothing did the "left-wing" social-democrats in Germany invent the story that the arming of Germany is necessary in order to ensure her neutrality in the war against the U.S.S.R., they invented this story purely to help through the military programme of the right-wing social-democrats.

The right-wingers and conciliators (in Germany, in Czecho-Slovakia, and in other capitalist countries) repeated, and still repeat their talk about defending the U.S.S.R. But in their statement of this question there was an insinuation (and on such a matter that is sufficient) which found expression in their view that the Comintern sections exaggerated the danger of war on the U.S.S.R., and that in consequence other no less important questions of international policy were thrust into the background.

A new stage has now been reached on the question of war with the U.S.S.R. After the German social-democrats had adopted their

military programme at their congress, the right-wingers were confronted with the necessity to determine their own attitude to that programme, and therefore to the question of defending the U.S.S.R. It is quite natural that the German right-wingers should be the first to occupy themselves with this issue.

The Brandlerites have written many articles devoted to a criticism of the social-democratic military programme. How and on what grounds do they criticise the right-wing social-democrats? *Against the Current* (No. 11) writes: "The Central Committee of the Social-Democratic Party makes no secret of its social-imperialist views. It is in favour of the cruisers and the Reichswehr, and in the event of war it will fight for its capitalist fatherland to the sound of the trumpet and with shouts of 'hurrah!' The only new factor is that the social-imperialists are openly expressing their views now during peace-time." And that's all! Nowhere in any of the articles of the Brandlerites on the right-wing social-democrats' military programme will you find one word of the fact that the programme is directed first and foremost against the U.S.S.R. The Brandlerites criticise endlessly, but they are silent on this aspect of the question, they make no attempt to unmask the military designs of the German (and the French, the Polish and others) social-democrats against the U.S.S.R. The Brandlerites criticise the "left-wing" social-democrats for leaving loopholes in their programme to enable them to drag in the defence of their fatherland, to spread pacifist illusions as to the possibility of disarmament in an imperialist State. The Brandlerites prove that in regard to the military programme the "left-wingers" take up the same ground as do the right-wingers. But they are silent on the fact that the "left-wingers," by their false and shop-window criticism of the right-wingers' war programme are merely concealing their own participation in the preparation of armed intervention in the U.S.S.R.

Only once, in a polemic with the "left-winger" Levi, did the Brandlerites touch on the question of war on the U.S.S.R. But just note how they did it. "Levi," they wrote, *Against the Current*, No. 11, "is ready to wage war on the Soviet Union for the defence

of 'democratic' liberties . . . In other words, the left-wing social-democrats' disapproval of defence of the country does not go very far in principle."

The Brandlerites thus talk of an imaginary offensive war of the U.S.S.R. against the German bourgeois-democratic republic, but maintain a stubborn silence as to the offensive against the U.S.S.R. which the German social-democrats are preparing.

Such a silence verges on non-resistance to the preparation of war on the U.S.S.R. The Brandlerites can go on repeating their talk as to the necessity of defending the U.S.S.R. as much as they like. But the decisive factor remains not that they reiterate their affirmations, but that they remain silent on the militarist designs of German social-democracy. This silence is particularly striking in view of the fact that despite their criticism of both right and left-wing social-democrats, in their own military programme they adopt the same social-democratic basis. The main clause of their military programme (*Against the Current* No. 8) reads as follows: "The mobilisation of the toilers under the slogan: 'not a brass farthing and not a man for the war, so long as the proletariat dictatorship is not established.'" To this clause is added one on "the mobilisation of the factory committees and trade unions for the fight for workers' control over war industry." And that is all! One does not need to be possessed of a super-intelligence to see that these purely declaratory points are borrowed from the "left-wing" social-democrats.

Nor does the following clause improve matters: "The keenest struggle to avoid the beginning of an imperialist war." What is involved in "the keenest struggle"? Nothing else than civil war. Do the Brandlerites seriously propose to hinder the beginning of the war by resorting to civil war, to respond to imperialist with civil war from the very first moment? No, they do not. It is simply an empty phrase. The problem of transforming any imperialist into a civil war was set by Lenin almost fifteen years ago. The Sixth Congress of the Comintern confirmed the basic slogan in their decisions. But the Brandlerites utter not one word as to this slogan. Instead of the Bolshevik slogan of

the transformation of the imperialist into civil war they have the empty and moreover completely unsound remark about the "keenest struggle to avoid the beginning of an imperialist war," a phrase which is to be met with among the "left-wing" social-democrats also.

The "left-wing" social-democrats counterposed the war programme of the right-wing social-democrats with one of their own, which Otto Bauer interpreted as achieving something in the nature of a union of the League of Nations and the Comintern, of Chamberlain and Lenin. In reality, despite all the criticism of the "left-wing" social-democrats, in its practical section their war programme is almost undistinguishable from that of the right-wingers. The Brandlerites came along, put up a "devastating" criticism of both the social-democratic programmes, and counterposed to them their own, which nevertheless in its main points is quite undistinguishable from that of the "left-wing" social-democrats. And furthermore they were silent on the fact that both the right and the "left-wing" social-democrats are preparing for war on the U.S.S.R.

The fewer the better of such "defenders" of the Soviet Union as the Brandlerites! There is too little to distinguish them from traitors.

CONCILIATION IS A RIGHT-WING DEVIATION

Conciliation is not a separate deviation distinguishable from the right-wing deviation. It is the same right-wing deviation, only unuttered, cowardly, concealing all the main ideas of the right-wing openly opportunist elements with specious reservations and a hypocritical shop-window criticism of the rightward deviation. By the right-wingers one can safely judge what are the conciliators, by the tendencies of development of the rightward deviation one can see the way in which the conciliators are developing. That nevertheless does not save us the necessity of analysing the views and arguments of the conciliators themselves.

Whilst the German social-democracy is today the leading party of the Second International, showing the road to the other social-democratic parties, while the German right-wingers (together with the right-wingers in

the C.P.S.U.), set the tone for the right-wingers in the other sections of the Comintern, and supply the theoretical basis and main ideas of the rightward deviation, a similar rôle naturally falls to the German conciliators, whose views have an international significance. In passing, it has to be noted that there is no formulated conciliation group with a platform and a certain semblance of organised activity, anywhere except in the C.P.S.U. and the German C.P.

The latest statement of the German conciliators' views is to be found in their written declaration to the Twelfth Congress of the C.P. of Germany. That declaration is a very carefully thought-out, a very cautious, very cunning document. At the same time it is a typically hypocritical document.

In their declaration the conciliators are resplendent with revolutionary phrases and even talk themselves into the statement that the present period is "a preparatory period for the last revolutionary struggle." Their zeal outruns their discretion, for who is to know whether the forthcoming revolutionary struggle is the last or the last but one? What does "last" mean? Is it synonymous with "victorious"? Are the conciliators ready to give a guarantee that the coming revolution in Germany will be victorious?

At the same time the conciliators are silent concerning their opportunist views on the strengthening of capitalist stabilisation, or else try to give the impression that on this question the C.C. of the German C.P. and the Comintern have come over to them, having corrected their errors about the disturbance of stabilisation and having admitted the "stabilisation factor." (See Ernst Mayer's article, "Where are we?" in No. 8/9 of the *International*.)

In their declaration the conciliators swear their fidelity to the party and the Comintern and twice over repeat that the C.P. of Germany is "the sole revolutionary party of the German proletariat." At the same time they make a number of most serious accusations against the party, borrowing these accusations from the social-democrats and Brandlerites. "An erroneous policy," "serious mistakes," "the elevation of political errors into a theory," "a tactic which is leading the party

to an increasing isolation from the masses," "a retreat from the Leninist strategy of winning the organised and unorganised,"—such is a brief résumé of their accusations. To this has to be added the accusation which, for some reason, has not found its way into the declaration, but which figures in Comrade Mayer's article and is always being repeated by the conciliators (as well as by the social-democrats and Brandlerites generally) that the C.P. of Germany and the Comintern are taking an ultra-left course or deviation; secondly, the frequently-repeated accusation of a "bureaucratic internal party régime"; thirdly, the accusation that the "C.C. is making the party more and more incapable of conducting a successful mass policy and a struggle against opportunism"; and finally, the accusation that the party has been brought to a crisis by a false policy.

But what hypocrisy on the one hand to declare that the C.P. of Germany is a revolutionary party and on the other to argue that the whole policy of the party is non-revolutionary!

The conciliators were sufficiently courageous to write the following words in their declaration: "We continue as before to hold to our irreconcilable position in regard to opportunism!" Could hypocrisy go any farther? And what shameless hypocrisy is involved in the following declaration: "The leaders of the Brandlerite organisation reject the Bolshevik principles of the unity and discipline of the party. This tactic of the Brandlerite organisation confirms the accuracy of our viewpoint in regard to the exclusion of the leading right-wingers from the party."

Whom do the conciliators hope to gull with that kind of dope? Is it so very long ago that they voted against the exclusion of Brandler and Thalheimer; is it so long since in writing of this exclusion they talked of the "separation of the party from a number of such comrades as Brandler, Thalheimer and others"?

What is the conciliators' attitude towards social-fascism? In their declaration they write: "To qualify all the repressive measures adopted by the bourgeois State towards the proletariat as fascism, and every participation of social-democrats in such repressions as social-fascism is to take a non-Marxist atti-

tude." What distinguishes this attitude to the question of fascism or social-fascism from the Brandlerite attitude? Nothing, or almost nothing, since the Brandlerites considered it necessary to say at least a word or two (false, it has to be admitted) concerning Wels' speech, whereas in their declaration the conciliators evinced no reaction whatever to that speech.

Why was that so? Because the "unseasonable" speech of Wels utterly refutes the sleek theory which the conciliators had thought out in order to demonstrate the impossibility of social-fascism. That theory consists in the contraposition of fascism and social-democracy. Among the right-wing liquidators that contraposition inclines them towards representing social-democracy as a defensive rampart against fascism. But the conciliators have thought of a new and skilful turn, a new cunning manoeuvre, and represent social-democracy as a danger greater than fascism. "We by no means deny," they write, "the tendency towards abolition of the democratic parliamentary institutions and towards the preparation for a dictatorship régime [but the conciliators are silent as to who exactly is making that preparation, S.G.], but the characterisation of the present position as a dictatorship of fascism or social-fascism is opportunist, since it may divert the masses from the fact that the most dangerous instrument of the dictatorship of finance capital at the present time is social-democracy and its social-imperialist coalition policy."

Directly following on this contraposition of social-democracy and fascism we get the opinion we have already quoted as to the inaccuracy of characterising the application of bourgeois methods of violence by social-democracy as social-fascism, coinciding almost word for word with the Brandlerite formula.

The conciliators are seeking by talking about the "confusion of fascist and democratic methods of rule" (see Mayer's article) to "distract the attention" from the simple and obvious fact that the social-democracy in Germany has gone as far as shooting down the workers. That may seem incredible, but it is a fact. For instance, what other meaning can the following passage in Mayer's article have?

And it is printed in italics! "The concentration of the proletarian attention solely on the fascist danger involves drawing that attention away from the reaction breaking out in "democratic" forms, away from the great coalition, away from the social-democratic coalition policy."

Translated into straightforward language this means: "Workers, pay no attention to the shootings of Zöergiebel, don't believe that social-democracy is growing into social-fascism; the chief danger from social-democracy consists in its maintaining the "democratic delusion."

The conciliators are dragging the party and the workers back, by repeating out-of-date stuff which had application twelve months ago when social-democracy had only just come to power. Thus, jointly with the Brandlerites the conciliators whitewash social-democracy and objectively assist it in establishing a fascist régime. They fail to see that the coalition between social-democracy and the bourgeois parties in no way contradicts social-fascism, but on the contrary may for a certain period become the form in which social-fascism will develop.

Whilst drawing distinctions in words between themselves and the Brandlerites, in practice the conciliators go hand-in-hand with them on the question of social-democracy and social-fascism. Nor have the conciliators the clarity of view on the war issue that anyone should have who declares himself a Communist. They know that social-democracy is preparing for war against the U.S.S.R. and is seeking to get support for that war from the workers organised in the reformist unions. At any rate, so the conciliators say in their declarations. But at the same time they deny the social-fascist degeneration of social-democracy (and how is it possible without social-fascism to carry on a war against the U.S.S.R. at the present time?) they declare that the question of war against the U.S.S.R. is exaggerated by the leadership of the Comintern and the C.P. of Germany (as if the fact of social-democracy's participation in the preparations for that war and its attempts to prepare for support to that war among the workers does not witness to the extraordinary urgency of the danger) they

do not unmask the falseness in the Brandlerites' position on the war question:—a falseness which verges on treachery. And it is from the conciliators that we are most justified in demanding such a disclosure, in view of the fact that they are trying to deny the close relations between their views on social-democracy and social-fascism and the Brandlerites' views, and in view of the close connection between the question of the attitude towards war against the U.S.S.R. and the estimate of social-democracy.

The conciliators' lack of clarity and mental reservations on the question of war on the U.S.S.R. are indubitable. Can that sort of haziness be tolerated?

THE MAY-DAYS AND THE REFORMIST-OPPORTUNISTS

The unity of the reformist-opportunist camp against the Comintern has found remarkably clear expression in connection with the estimate of the May Day events in Berlin. All the component parts of that camp have with unusual unanimity cried out about the attempts of the German C.P. to organise a "putsch," about its "defeat," and its "isolation" from the masses. The right-social-democratic *Vorwärts* triumphantly proclaimed that the "C.P. was a mass party, but now it has ceased to be such," that the Berlin workers responded to the call of the C.P. of Germany for a mass political strike, with a "strike against the C.P.," that never before has the C.P. of Germany suffered such a defeat. The "left-wingers" of the *Leipzig National Gazette* and Levi's organ *Class Struggle* danced and rejoiced over the "isolation" of the C.P. of Germany from the masses and over its defeat. The Brandlerites and the German Trotskyists (Urbans) forgot their mutual insults on this occasion, gleefully embraced and yelled over the attempt of the C.P. of Germany to organise an "ultra-left putsch" and over its "serious defeat."

The conciliators, whom the *Leipzig National Gazette* recently stigmatised with their approbation ("the more intelligent elements of the C.P., the conciliators' faction, under the leadership of Ernst Mayer, Ebert and others"), were not to be left behind in this

harmonious choir of reformists and opportunists of all kinds and varieties. The conciliators in slightly different words repeated essentially the same accusations against the C.P. of Germany, and made the same estimate of the outcome of the May Day events. In their declaration to the Twelfth Congress of the C.P. of Germany they put forward two basic assumptions: First, that during the May Days the party proved to be isolated from the masses; second, that the party leadership had overestimated "the importance of the objective and elemental factor."

"In consequence of these mistaken tactics," they wrote, "the May Day events were not transformed into an attack of the whole mass, prepared and thrust forward. They remained purely an attack of the advance guard." They also talk of "the isolation of the advance guard from the masses."

Such an estimate is tantamount to an accusation of an ultra-left putsch, of isolation from the masses, and of defeat.

"The May Day demonstration," they continue, "was organised by the party leadership, despite all the experience and the principles of Leninist tactics, on the basis of an over-estimate of the importance of the objective and elemental factor."

This ingenious statement is simply a translation into Mayer-Ebert language of the *Vorwärts* formula: "A strike of the workers against the C.P. of Germany." Of course the mass political strike was not successful. That is quite true. But the line for a mass political strike as being a higher form of mass struggle was perfectly sound. (Remember Lodz.)

But consider again the situation which arose during the May Days in Berlin. On the one hand part of the demonstrating workers were provoked by their indignation at the Zöergiebel executions to resort to arms. On the other hand, only a few hours before the barricades, and at the call of social-democracy, a considerable number of workers decided to refuse to take part in the demonstration. What was the correct course for the C.P. of Germany in such a situation? First to give moral support to the barricade fighters, but to restrain them from a forward outbreak. Secondly, to summon the other workers to protest by strikes

against the shootings. What sort of revolutionary party would it have been if it had not done that, if it had not proposed something approaching the form of a mass demonstration to the workers, even though the party itself might not be sure that its call would find an immediate response in the masses?

Did such a tactic indicate that the party was separated from the masses, that it was trying a putschist leap forward? Not in the very least. Can the party be reproached with having lagged behind the revolutionary masses? Again, no!

What is the real meaning of the conciliators' talk about the "over-estimate of the importance of the objective and elemental factor"? Aren't the conciliators really wanting to say that it was wrong to call the masses to a strike of protest? And if so, why didn't they tell the party that it ought not to over-estimate the "importance of the objective and elemental factor" before the 1st of May? (the question of a mass political strike was considered on April 27th).

Were the May Days a defeat of the revolutionary proletariat and the Communist Party?

It is necessary to go into this question carefully, since it is of great importance to a sound estimate, not only of the May Day events, but of a number of forthcoming battles.

The process of a rise of the revolutionary workers' movement constitutes one of the most difficult periods in the revolutionary development of the proletariat. The proletariat, or a majority of it, or its most important sections, are not yet ready for a revolutionary attack upon the entire capitalist system with a view to its overthrow. But considerable sections of the proletariat are entering upon sectional struggles, which often assume very severe forms. In those sectional struggles the working class frequently suffers defeat.

But these defeats are of a special quality, inasmuch as given a rising curve in the revolutionary development, a rise in the revolutionary wave, these "defeats" become a weapon for drawing new strata of the proletariat into the struggle; in other words they become an instrument of victory.

Military history provides innumerable examples of tactical defeats in which the side which suffered the defeat none the less gained

strategically. One of the most characteristic examples of this peculiar combination of strategy and tactics is provided by the North-American Civil War, in which the Northerners suffered tactical defeats one after another, chiefly in consequence of the superiority of the Southerners' cavalry. But despite these tactical defeats the Northerners gained strategically, and finally won the victory.

In war-history this is a special case, but in revolutionary struggle it is a very frequent phenomenon (although one may not draw a complete analogy between the two). The history of the revolutionary struggle of the Russian proletariat provides a number of instances in which the revolutionary attack ended in defeat, yet became a starting point for a still broader revolutionary advance (the Lena shooting of 1912; the July days of 1917). But in these defeats the Russian proletariat learnt to mobilise its forces, groped for new forms of struggle, threw up its finest cadres from which the Bolshevik party was constituted. And this was a strategic gain.

The May Days in Berlin were a considerable strategic gain to the German proletariat, despite the fact that the mass political strike was not a success, because it revealed the readiness of considerable sections of the German proletariat to carry on a heroic, self-sacrificing struggle. And because the Berlin

proletariat has retained its right to the street. Also because the shooting down of the workers by the Zöergiebel social-democracy has aroused the hatred and indignation of the proletariat.

There will be defeats in the forthcoming sectional battles also. But an advance of separate sections of the proletariat is also inevitable.

For the dolorous knights of opportunism and reformism, and also for the sages of the conciliators there is no better food than leaps forward, explosions and tactical defeats. They throw themselves on such tit-bits like flies on a honey-pot.

They cannot disturb or put us off by their howlings. They will not succeed in bringing vacillation or discord into our ranks. The danger at the moment consists most of all in the possibility of the Comintern sections lagging behind the revolutionary worker masses. This would threaten a strategic defeat in the coming decisive general revolutionary battles.

But we are travelling along a rising line of revolutionary development, and consequently we shall gain strategically even in face of tactical defeats. Another two or three "victories" such as that of Zöergiebel's and social-democracy will lose its worker legions. And then will come the turn of the Communist International.

Reparations Under the Young Plan

By E. Varga

WE have often pointed out that it was not any crisis in the Dawes Plan which led to its replacement by the Young Plan. There is no doubt that the regular payments under the Dawes Plan could be raised from the value of the product of German industry ($V+S$ + the new values created by independent producers, peasants and manufacturers). The sum of values created can be estimated at about 50 milliard marks annually; the amount required for payments was $2\frac{1}{2}$ per cent. It is true that the transfer problem existed, but it had not reached the dimensions of a crisis, for payments were made to foreign countries by means of paper transfers.* The Dawes Plan provided for non-transferable reparation payments up to 5 milliard marks, so that any acute crisis in the plan could not arise for some years. The reasons which led to the change therefore were reasons of foreign policy.† The Young Plan is an attempt to overcome the increasing intensity of imperialist contradictions within the sphere of reparations by means of a compromise, and to accelerate the slow orientation of the new German imperialism towards the West and into the anti-Soviet *bloc*. The new Reparations Bank is intended to serve the bourgeoisie as an instrument for settling currency fluctuations, extending world trade, and as a guarantee of peace among capitalist States (the U.S.S.R. is silently ignored); actually it will be an instrument for American bank capital to extend its influence over the world money and capital market.

The very fact that a solution on the basis of compromise was arrived at—although after tedious and long-drawn negotiations which were once—on April 20th—declared to have broken down—against our expectations, shows how anxiously the leaders of capitalist policy

are trying to overcome the growing internal contradictions in order to be able to act unitedly against the world proletariat and its centre of power, organised as a state, the U.S.S.R., and against the colonial people who are its natural allies.

The compromise was effected by many sacrifices in which, following the laws of capitalism, the most powerful participants surrendered the least.

We shall analyse the Young Plan according to its original text by a comparison with the clauses of the Dawes Plan.‡ The limits of the compromise were narrowly determined by two conditions laid down by the two strongest imperialist Powers, the U.S.A. and England. The U.S.A. insisted upon no changes in the agreement on inter-allied debts, while England (as stated in the Balfour Note) was not prepared to accept less in reparations and allied debts than she has to pay to America. These two conditions put fairly narrow limits to any solution of the main question: how much shall Germany pay? Germany had to stand the burden of all inter-Allied debts plus the actual reparations to be made to France and Belgium. Only in the event of the U.S.A. agreeing later to a reduction in her demands, will Germany benefit to the extent of two-thirds of that reduction. An immediate reduction in Germany's payments could only be brought about at the expense of actual reparations. To effect this, the reparation credits had to receive some sort of compensation in the matter of the methods of payment; this was done by the mobilisation of their claims with the help of the Reparations Bank, which is also to assist Germany over transfer difficulties, apportion her a share of its profits, and replace the old "hostile political" control of the fulfilment of reparation obligations (Rhineland occupation, seizure of State income, managers at the Reichsbank, Reich railways, etc.), by a "friendly commercial" control. This makes the Reparations Bank (the Bank for Inter-

* *Paper transfer* was the name I gave to the process by which reparations were paid not out of the product of the country, but by incurring debts abroad, or by the alienation of property, as has been done up to the present.

† The imperialist contradictions connected with the reparations problem were dealt with in the World Economic Survey for the third quarter of 1928. *Inprecorr*, Special Number 37.

‡ The French text published in *Le Temps* on June 6th is used for this purpose.

national Payments is to be its official title) the central feature of the Young Plan; its organisation is the basis of the compromise reached; its effectiveness is to ensure the smooth execution of the plan. The Young Report concludes with an apt quotation from the Dawes Report, in which the plan is described as an indivisible whole.*

We shall now attempt to weigh the advantages and disadvantages to the countries concerned of the Young as compared with the Dawes Plan. Let us take Germany first.

The advantages to Germany of the new agreement are as follow:—

- (a) The number of years during which annuities are to be paid, hitherto undetermined, is now fixed at 58 (including the present year, 59).
- (b) The welfare index which constantly threatened to increase the annuities is to disappear.
- (c) The sum of annuities is reduced from 2,500 million plus welfare index to an average of 2,050 million.
- (d) For the first ten years (excluding the present transition year) which are particularly important since nobody can foretell what will happen in ten years' time, Germany has to pay 18.6 milliard instead of the 25-30 milliard paid under the Dawes Plan.
- (e) A part of the profits of the Reparation Bank is to be reserved for the payment of the last 22 annuities, which will only be used in payment of inter-Allied debts to America, after the actual reparations have been paid with the first 37 annuities.† Further, Germany is to benefit by two-thirds of any future reduction in inter-Allied debts.
- (f) The humiliating control by the Entente of Germany's economic strongholds is to be replaced by the friendly control of the Reparations Bank.
- (g) The Rhineland is to be evacuated within a short time.

* The introduction to the report repeatedly emphasises that the statements of the German delegates "were always considered by the experts, whose conclusions were greatly influenced thereby." The Germans, by giving their signatures to the report, showed that they themselves considered that Germany could bear the burdens imposed by the Young Plan.

The disadvantages for Germany are:

- (a) There is no longer any transference protection. The statements in the daily press that the German annuity consists of an unprotected part amounting to 660 million—including interest on the Dawes loan—and a remainder with transference protection, is absolutely incorrect. There is no transference protection as in the Dawes Plan, but merely the right to a two years' moratorium for the transfer of the amounts destined for the payment of inter-Allied debts; a regulation which was already contained in the inter-Allied debts agreement. That is all. The postponed transfer must be met two years after it first falls due.‡ Sums not to be transferred must be placed at the disposal of the Reparations Bank in Reichsmark, unless a moratorium is claimed for the sums to be raised internally, amounting to not more than 50 per cent. of the annuity.§

In its introduction, the report expressly underlines that the experts "... in their conclusions as to Germany's transfer capacity ... have carefully considered the possibilities of all economic conditions and financial forces which are normally effective. We believe further that in establishing the right to a

† The profits on the bank will have to be very great if Germany is to benefit from them. According to the Statutes of the bank (VIII. section XI.) the profits will be divided as follow:—

5 per cent. to Reserve until the fund reaches 10 per cent. of the paid-up share capital!

6 per cent. Cumulative dividends.

Of the remainder 20 per cent. is to go towards raising the dividends to 12 per cent.

Of the remainder 50 per cent. is to go to the general reserve until it reaches the amount of paid-up share capital, after which 40 per cent. is to go to reserves until this limit is doubled, etc.

Of the remainder 75 per cent. is to go to the Government's maintaining deposit accounts at the bank, and 25 per cent. as a reserve for the last 22 annuities, provided that Germany maintains a deposit account of at least 400 million marks at the bank.

A rough calculation shows that Germany will receive about 8 per cent. of the profits. If we assume that the capital will be fully paid up and yield 50 per cent., this means 4 million dollars annually.

‡ See IV. pt. I. The formulation of this point is not quite clear, but we believe that its content has been stated correctly.

§ We shall deal later with the help to be given by the Reparations Bank to enable transfers or paper transfers to be made.

moratorium, we have provided for all abnormal or special difficulties which may temporarily seriously injure Germany's capacity to pay, to be met."

It is quite clear that the transfer moratorium is intended for extraordinary situations only, and is not by any means to be used for a lasting reduction of the sums to be transferred and consequently of the payments to be made in marks, as was the case under the Dawes Plan.

(b) The mobilisation of actual reparation payments which, according to the scheme, will be undertaken by the Bank. The German Government is obliged to hand over the necessary bonds which are secured, firstly, by the takings of the German State railways, and secondly by certain State incomes (customs and taxes) to the extent of one-and-a-half times the necessary annual sum.* A part of the annuity beyond actual reparations may also, with the consent of the German Government, be similarly mobilised. It is clear that this commercialisation and mobilisation of the reparations burdens will make a further reduction of that burden more difficult.

(c) Payments in kind are to be reduced by 300 millions annually for a period of ten years and after that to cease altogether.

(d) The hopes of the German bourgeoisie that the new regulation of reparations might involve concessions in the sphere of foreign politics, such as the return of former German colonies or of the German areas ceded in the peace treaty, have been disappointed.

Dr. Schacht's suggestion on this point was decisively rejected by the Entente Powers and almost brought about a breakdown in the negotiations.

Whether the advantages which Germany has secured are outweighed by the disadvantages is a matter which cannot be determined, since the two are not commensurable. The first give a reduction in the actual amounts to be paid, the second concern the transfer problem, the end of transfer protection. Judgment

depends upon one's attitude to the transfer problem, to which we shall return later.

The other countries concerned can be dealt with more briefly: France had to make the greatest material sacrifice, for she received 54 per cent. of German payments, and therefore had to stand the loss of more than half the reduction accorded to Germany. Moreover, the evacuation of the Rhineland cannot be delayed much longer. Her advantage consists in the mobilisation of reparation claims and the organised transference of the burdens of payments to England and the U.S.A. on to Germany. It appears, however, judging by the Press, which took up a hostile attitude to the negotiations throughout, that the French bourgeoisie is far from satisfied with the agreement reached.

England also had to bear a good part of the reduction granted to Germany; she had to give up the reparations claims of the dominions and a part of the arrear on garrison costs and be content with a reduction in her percentage share of reparations.† In compensation England only receives the reduction in payments in kind, which British industry has always looked upon as a sort of dumping. However, the main principle of England's debt policy, that England shall receive as much as she has to pay to America, was maintained.

Belgium, for agreeing to the Young Plan, receives indemnification for the currency issued during the German occupation.

Italy's quota has been raised slightly, so that Germany's payments to Italy may cover Italy's obligations to the Allies.

The U.S.A. came out best. All attempts to force a reduction of inter-Allied debts were frustrated.‡ America's sacrifice consisted in

† Anglo-American hostility became very apparent on this matter. Young had put forward a scheme according to which the claims of all other reparation creditors would be met at England's cost, on the grounds that it is better for one interested party to be dissatisfied than many. Churchill protested strongly in Parliament; England would not hear of any reduction in the percentage share she had claimed at Spa. Later developments are not clear; a few days later, for reasons unknown to the public, the English agreed to a considerable reduction in their percentage share—from 23 to 19 per cent.

‡ The clause by which Germany will benefit to the extent of one-third in any eventual reduction of American claims is not contained in the Young Plan, but in a special memorandum which has not been signed by Young and Morgan.

* See III. Section 3.

reducing her garrison charges. It seems that England's attempt to foster enmity between Germany and the U.S.A. (the height of German payments is, in the Young Plan and in the memorandum on inter-Allied debts, made directly dependent upon the amount of Allied payments to America) has met with no success; rather would it be nearer the truth to speak of an American-German and an Anglo-French *bloc* in the negotiations. Finally, the pet idea of the American bourgeoisie—the establishment of an international bank—has been realised, even if with a much smaller capital than was originally planned. The American financiers will try to make it an instrument for ruling the whole world financially, and it is consequently incumbent upon us to enter more thoroughly into the question of this bank.

THE REPARATIONS BANK.

The Reparations Bank is the central feature of the Young Plan. Technically, it is to make the execution of that plan possible. Its most important functions are the following:

The Bank serves as trustee for the Entente countries as against Germany; it takes over German payments, meets them and distributes them among the reparation creditors.

The Bank undertakes the mobilisation of German bonds and acts as moral guarantee to the public of the payment of interest.

The Bank is to nullify the effects of transfer difficulties for the reparation creditors (the bond-holders) by crediting Germany from its own resources with the sums for which bills are lacking.

The Bank is to avoid difficulties in transfer by assisting Germany to procure the necessary bills; it is to finance deliveries of goods (even after they have ceased officially) by granting credits to the countries which have not enough capital to pay for the goods supplied by Germany; it effects paper transfers by investing capital profitably in Germany and the bills thereby made available will be used for reparation payments.

If, in spite of this, Germany claims a moratorium, the Bank will continue the payments uninterrupted, will appoint a Commission of Inquiry into Germany's economic position, take over Germany's payments in Reichs-

marks and invest them profitably in Germany, etc.

Apart from its duties as Reparations Bank, the bank will also serve the following purposes:—

- (a) As the central bank for banks of issue, it will manage the stability of all currencies, including that of Germany, by regulating the distribution of gold among the banks of issue.
- (b) It will raise the total volume of world trade by granting credits to poor countries.

If it is to fulfil all these functions, the Bank will have great means at its disposal. These will be forthcoming from:

Share capital: 100 million dollars, of which for the present only 25 millions are paid up.

Compulsory deposit accounts: Germany must deposit 100 million marks, and if she wishes to claim the share profits to cover the last 22 annuities, 400 million marks; France is to deposit 500 million marks as special guarantee for the mobilisation of her share.

Germany's reparation payments will be at the disposal of the Bank until assigned to the creditors.

Voluntary deposits from the banks of issue, and later from Governments and private persons and institutions.

Thus armed the Bank can undertake all the operations usually conducted by banks of issue; the purchase and sale of gold, the discounting or rediscounting of bills of exchange for the banks of issue, etc. The Bank is to be managed by the banks of issue of the Entente countries, Germany and the U.S.A., whose governors are official members of the board of directors of the Reparation Bank, or appoint the directors.* The Bank is to undertake transactions in any country only with the consent of the issuing bank of that country.

It is questionable whether these means will enable the Reparations Bank to overcome transfer difficulties. To this we shall return, but it is certain that the stabilisation of currencies is beyond the powers of the Bank.

* The U.S.A. Government has forbidden the members of the Federal Reserve Board taking up directorates on the Bank or appointing directors. It would seem that the American members are to be openly appointed by Mr. Morgan.

The Young Plan starts from the idea that the central banks of issue will deposit part of their gold reserves with the Bank, or place them at its disposal. Currency fluctuations, which are nowadays overcome in an anarchic fashion by the shipment of gold from one country to another, could be settled by simple book-keeping transactions in the Bank. The struggle for gold, the universal characteristic of capitalism, is to be replaced by organisation.

To the Marxist it is clear that capitalist society cannot dispense with gold as a world currency which in its actual state fulfils the function of adjusting temporary inequalities in international indebtedness. Further, it is impossible for the different capitalist classes, organised in mutually hostile states, to surrender the control of their gold reserves, which form one of the most important weapons in the conduct of war, to a central body. This makes the plan for a central administration of gold resources, a central regulation of currencies, impracticable.

We shall demonstrate this somewhat more concretely. Deviations from the gold parity in international trade arise when one country has, at a given moment as the result of its international obligations and claims, a passive balance. This can be met by the import of capital; that is, by changing an immediately payable sum into one payable later; or by a payment with world money—gold. If neither happens, then the currency is depreciated.* Now it is obvious that the balancing of payments by gold shipments comes into question only when the case is one of a temporary passivity in the balance of payments; no State—except a few gold-producing countries—can

continue to export gold without losing its carefully-guarded gold reserves. A continuing passive balance of payments can therefore only be met by capital import, or else it will lead to depreciation of currency.

The concentration of a part of the gold reserves of the issuing banks at the Reparations Bank cannot essentially alter these facts. The balancing of temporary deficits will proceed more quickly, since the time for actual shipment will not be needed; overhead charges will be less for the same reason, but, economically, nothing will have changed. The mechanism will only function well in "normal times." If, however, the international money market is in a critical state, as it is at present, each issuing bank will keep its gold reserves to secure its own currency. Constant deficits in a country's balance of payments can only be met, in the future and in the past, by capital import. In the long run the regulation of currency means the regulation of international capital movements.

This explains the insistence of the American banking bourgeoisie on the establishment of such a bank; and why the American press which that bourgeoisie controls attributed more importance to such a bank as a factor in maintaining world peace than to the League of Nations. It is beyond doubt that in critical situations America alone will be able to supply gold from her surplus reserves in order to prevent depreciation in the currency of a country. It is equally beyond doubt that the capital required to meet a permanent deficit in the balance of payments will come mainly from the U.S.A. Moreover, the more critical the general situation of world economy, the greater importance which will be attained by the relatively healthy American economy.

All these facts will necessarily result in the Reparations Bank becoming an instrument for extending American influence, although its board of directors consists formally of representatives of the six countries concerned in reparations and of America, while Germany and France are allowed an extra director each. The Reparations Bank will become an instrument of American capitalism even if its statutes are designed to avoid that development.

* The cause of currency depreciation is often considered to be a deficit in the State budget, which is covered by the issue of unbacked paper money. The results of this, however, must take effect on the international balance of payments before the currency is depreciated on the world market. The connection is as follows:—The issue of paper money to cover a deficit implies a temporary increase in social purchasing power beyond the value of the production of the society. The demand for goods therefore exceeds the supply; prices rise; the total prices of goods exceed their total value, and it becomes profitable to import goods, and unprofitable to export. Other things remaining equal, the balance of payments becomes passive because of increased imports and diminished exports, and the currency is depreciated on the world market. This depreciation tends towards a re-establishment of the equilibrium in the balance of payments, by making it difficult to import and by favouring exports.

PROSPECTS OF MOBILISATION

The Young Plan provides for the mobilisation, by the aid of the Reparations Bank, of that part of the annuities destined for the payment of actual reparations. This amounts to 660 million marks, including interest payable on the Dawes loan. The sum which has to be issued (in bonds) is one on which the annual interest comes to 600 million marks. Assuming 6 per cent. for interest and amortisation, this gives a capital sum of 10 milliard marks. At the present time of great tension on practically all the money markets of the world, when the German State loan, at a rate of interest actually exceeding 10 per cent., met with no success, it would seem that the raising of 10 milliard marks in the near future is impossible. We must remember, however, that the greater part of this sum falls to France; and there is a possibility of raising the amount without adding any great burden to the world markets by converting French State loans into German bonds. That is to say, the bondholders of the French Government loans will receive German bonds bearing a higher rate of interest. The French Government debt is decreased by the corresponding amount. A similar transaction is possible for England, too, and the prospects of mobilisation are more favourable than would at first seem to be the case, considering the state of the money market. Of course, the entire sum will not be raised at once, but in several instalments.

THE TRANSFER PROBLEM STILL EXISTS.

We said above that the Young scheme does not provide for any transference protection, merely allowing for a two-yearly moratorium on German payments. The reduction in the annuity lessens the transfer difficulty without essentially changing it. We shall not emphasise what is widely known, that Germany has a passive trade balance of about 2 milliard marks. She has to pay from 1.7 to 2.4 milliards in reparations, apart from about 1 milliard in interest on foreign loans and as profit on foreign capital invested in Germany. This gives a passive deficit in the balance of payments of from 3 to 5 milliards annually. Equilibrium can be restored either by creat-

ing an active balance of trade (by limiting imports and greatly increasing exports) or by continual capital import. An active trading balance can be attained only by a very greatly increased export of finished industrial goods, since apart from coal and nitrates Germany has no raw materials to export worthy of mention, and with its dense population will probably have to import foodstuffs permanently. This increase of exports, which would enable the transfer of reparation payments to be made, appears most improbable.

The total capacity of the world market to absorb finished industrial goods amounts at the present time, according to our own calculations, to about 40 milliard marks. Either this will have to be increased by a few milliard, and the increase met by Germany, or Germany must beat down her competitors on the world market by about the same amount. At the present time neither of these is probable; for Germany's chief competitors, England and America, find it possible to unite the export of capital with that of commodities, which Germany is at present unable to do. The Reparations Bank steps in here, and supplies the credits necessary for the delivery of more goods to countries deficient in capital. If, however, we are right in thinking that the Bank will necessarily develop into an instrument of American imperialism, the German exports will be financed only if such action does not go against American interests, and, considering the rapid extension of American exports, both of goods and capital, fairly narrow limits seem to be placed around such action.

It is obvious that in such circumstances the transfer of payments will continue to be a matter of book-keeping, *i.e.*, Germany will pay reparations not out of the values of her production, but out of her capital, in the form of extensive foreign indebtedness and alienation of property. The Young Plan has introduced no qualitative change in the transfer problem.

GERMANY UNDER THE YOUNG PLAN

The most important difference between the Dawes Plan and the Young Plan as they affect German economy lies in the abolition of transfer protection. Under the Dawes Plan it was

the duty of the Reparations Agent to protect the stability of German currency. The German bourgeoisie hoped to be freed of part of the burden because of the difficulties in the transfer of payments. Under the Young Plan the German Government itself is to manage the transfer, *i.e.*, the payment of reparations in foreign currencies. It is true that the Government may claim a two years' moratorium, but two years are soon over. The German bourgeoisie is therefore compelled to procure the bills necessary for the payment of reparations. Notwithstanding the individual desires of individual capitalists, this will lead to forced exports, which is equivalent to exercising strong pressure in wage costs and the real wages of the German working class.

The burden of reparations must lead to a worsening in the conditions of the German proletariat. Not, it is true, in quite so simple a fashion as is sometimes imagined; as though the capitalist class just decreased the share of the workers in the value of product, that is, the sum of variable capital, or the wages paid to labour, by the amount required for reparations. The matter is not quite so straightforward. If it were possible for the capitalists to cut down wages at their own pleasure, they would do so with or without the excuse of reparations; they would raise the rate of surplus value, and so increase their profits. The wage level is determined in the class struggle between bourgeoisie and proletariat, and is by no means immediately dependent upon reparation obligations.

The burden of reparations does, however, force the German bourgeoisie to exercise greater pressure in the direction of reducing wages than would otherwise be the case, that is, to intensify the class struggle. If the German bourgeoisie were to try to avoid this intensification (and there is every reason for such action, since in the present period of decline in capitalism great struggles on wage questions may easily change into struggles for power and endanger capitalist rule) economic facts themselves would frustrate the attempt. If they are not to be defeated by their competitors in the struggle for markets, the German capitalists must maintain their productive apparatus at the level of their competitors, which requires an equally great ac-

cumulation. To keep step in this matter of accumulation, their rate of profit must not be allowed to fall lower, to any great extent, than that of their competitors. (The German bourgeoisie may indulge less in personal luxuries, but this is not of very great importance.) Consequently the German bourgeoisie cannot defray the costs of reparations out of surplus value, even if it were inclined to do so in order to avoid the dangers of a sharpened class struggle; international competition has closed that road. Now, as in the past, the brutally frank statement of the National City Bank of New York (Bulletin, September, 1924) which we have often quoted, made at the time of the London Agreement, on the necessity of greater exploitation of the German workers as the preliminary to the payment of reparations, is wholly correct:

"As to Germany's capacity to pay, it is obvious that this depends upon the high production of German industry coupled with low consumption by the German people, which would make possible great exports of German industrial products. Following up this analysis, it probably implies a long working day in industry, or at least a working day of a length which gives the greatest product. The ten-hour day was the rule in Germany before the war, and in spite of that there was no surplus of the export of goods over the import.

The problem now is to create a really great surplus, and therefore more must be produced and less consumed. . . . To keep consumption low it will be found necessary for wages to be low in comparison with the cost of living, which can be attained either by low money wages or by taxation which raises the prices of everything the people has to buy."

(Translated from the German.)

The method of transfer under the Young Plan leads to further pressure on the working class. The economic mechanism at work is rather complicated, but stated in a somewhat simplified manner, it is as follows:

The obligation of the German Government to pay the annuity in foreign currency is one item in the payment balance of the country which at present, even without reparations payments, is a passive one. This means a chronic lack of foreign means of payment, the

constant danger of an outflow of gold and depreciation of the mark. To prevent the flow of gold abroad, the Reichsbank can do nothing but raise the bank rate and restrict credit,* thus making the interest on loan capital so high that the import of capital to balance the deficit in the payment would become a profitable matter for private industry. This means that it is more advantageous for the German business units—private capitalists, joint stock companies, municipalities, federal states, etc.—to raise loans abroad than at home, and that, on the other hand, it is more advantageous for foreign capital to seek investment in Germany than elsewhere. The necessities of transfer mean high rates of interest for loan capital.

This means that the German industrial capitalist who, almost without exception, works on borrowed capital besides his own capital, must give a much greater part of his profits as interest than his competitors on the world market.† He is therefore forced to exert greater pressure on the workers in order to reduce costs and maintain his capacity to compete on the world market.

The import of capital, or its alienation by the sale of German shares and property to foreigners, is no solution, but merely a postponement of the difficulties of transfer. Interest must be paid on the capital imported, and it must be changed and transferred in foreign currency. Other things remaining equal, payment balance of the country will in the following years have to stand the burden of interest and amortisation on the imported capital. If the increased deficit is met by further import of capital, the payment balance will grow worse from year to year. This process cannot go on indefinitely. Sooner or later the book-keeping transfer must become a real one, *i.e.*, it must be settled by an actual surplus in the export of commodities. This

can only take place if German goods are considerably cheaper than those of other countries on the world market, which in its turn is only possible if German costs of production are considerably lower. Economically, therefore, if not directly and immediately, reparations and their transfer lead to increased pressure on the working class and therefore to an intensification of the class struggle.

We are faced with the question, what has influenced the German Government to take upon itself the obligations of transfer, to surrender the protection guaranteed under the Dawes Plan? The question is not an easy one to answer. The idea behind it is perhaps the following :

Before the transfer protection under the Dawes Plan would become effective, before, that is, the Reparations Agent began the purchase of bills and allowed the reparations payments to accumulate at the Reichsbank, the Reichsbank would have been forced to raise its discount rate and restrict credits to the same extent that it will have to do under the exigencies of transfer as determined by the Young Plan. The economic consequences are the same.

The daring method of a new inflation—and the consequent probability of an acutely revolutionary situation—designed to force the reparation creditors to revise the Dawes Plan under the threat of a social revolution, this risky method attracts only a small section of the German bourgeoisie, who would make great profits out of inflation.‡ The majority of German capitalists shrink from such a course, for they do not consider their power firm enough to stand with certainty the shock of such events. They therefore chose the less dangerous path of accepting the Young Plan which, in comparison with the Dawes scheme, greatly reduces the payments to be made in the first ten years, stimulates the influx of foreign capital *via* the Reparations Bank,

* A simple refusal to allow gold to be exported would be no solution, for it would immediately lead to the depreciation of the mark.

† At the present time (June, 1929) the German capitalist pays more than 10 per cent. for borrowed capital, the French or English about one-half. The fact that the new Reichs loan, the interest on which amounts to more than 10 per cent.—if the advantages in the matter of taxation are included—raised only 117 instead of the expected 300 million, is characteristic of the position of the German capital market.

‡ It is well known that the second German expert Vögler, the General Director of the United Steel Works, withdrew under pressure by German heavy industry; and when Vögler and Schacht went from Paris to Essen to overcome heavy industry's opposition to the Young Plan and Schacht prophesied the fall of the mark as an inevitable result of the credit crisis in the event of the negotiations breaking down, Thyssen declared: "That's just what I want." So, at least, G. Bernhard assures us.

maintains for the present the method of payment in kind and later finances it by other methods. The German bourgeoisie hopes to steer its way through the next decade—assisted, perhaps, by a moratorium—without any acute transfer crisis. With the help of the Social Democrats greater pressure will be exercised against the proletariat (by means of a reduction in unemployment insurance, increased taxation and duties on articles of consumption, and by direct wage reductions) in order to lower costs of production and increase exports. The German capitalists hope for a further reduction as the result of a new agreement on inter-Allied debts. Finally, they count upon a war in the not very distant future which will throw all agreements on debts and reparations overboard. This calculation, it seems to us, is not far from the truth.

Actually, a State can be forced to pay its debts only by the use of armed force. The German bourgeoisie reckons upon imperialist and social contradictions coming to a head, which will allow no State to force the payment of reparations by means such as the occupation of the Ruhr.

The Young Plan is as little a "final" solution of the reparations question as was the Dawes Plan. It is an effort on the part of the world bourgeoisie to bridge the contradictions in this important sphere, to hasten Germany's orientation to the west, to enrol her in the anti-Soviet front, to draw her, finally, into the *bloc* of all European creditor countries against the U.S.A. The Young Plan does not imply the end of the reparation struggles, but their continuation along new lines. It is not a solution of the problem, but a postponement of the crisis

The Struggle in the Scottish Coalfields

The Communist Party and the New Miners' Union

By E. H. Brown

THE Annual Congress of the Scottish District of the Party which takes place at the end of August sees the close of an eventful year. The period since the last Congress has witnessed developments which only rank second to those of 1926, the year of the General Strike and the Miners' Lockout, in Party historical importance. The outstanding feature has, undoubtedly, been the culmination of the fight against the Reformists *within* the County Unions of the Miners and the organisation of the United Mineworkers' Union, an all-in centralised Union covering the whole of Scotland. As the first Annual Conference of the United Mineworkers follows close after the Scottish District Party Congress it is an opportune moment for political stock-taking with a critical review of the past and to re-examine our policy in the light of the present position and future tasks. In view of the discussion in the Party on the Trade Union question the events and developments

in Scotland are of tremendous importance to the whole Party membership.

AFTER THE LOCK-OUT

After the Lock-out of 1926, rationalisation was vigorously applied by the Scottish Coal-owners. Pre-war level of coal production was surpassed with a 20 per cent. reduction in the number of men employed. Faced with growing competition for the Continental markets and the need to lower production costs the coal-owners made ruthless attacks upon the wages, hours and local conditions of the miners. To facilitate the working of coal-cutting machinery, overtime, without extra payment was introduced. Safety regulations were abrogated and when militant workers rebelled, victimisation was the inevitable result. Whilst the coalowners were moving on centralised lines, the men were divided into half-a-dozen County Unions loosely federated under the

Scottish Mineworkers' Executive. The officials of the County Unions soon showed that they were not prepared to sanction or even countenance any form of struggle against these unmerciless attacks. Every device was used, even to the manipulation of Union machinery, to allow the coalowners' plans to be carried through. It was at this period [1927], when the Party could, with sure advantageous results, have come out with a bolder fight for the independent Party leadership of the miners in local disputes. We were still, however, pinning our faith more to a conquest of the machinery than of the masses. We confined our main attention to forcing, from the branches upwards, various programmes of immediate demands and proposals for organisational reconstruction of the Union machinery. The support we got for these proposals forced the Union officials to take notice, but with the exception of more clearly demonstrating the reactionary rôle of the old leaders no progress was made. Despite the fact that many of these proposals had been discussed, voted and agreed upon by the members, the officials, generally acting quite unconstitutionally, succeeded in sabotaging any forward move within the organisation. One result, however, was that at the elections for new officers the miners overwhelmingly voted for the Communist and M.M. nominees, who were all pledged to a policy of struggle against the coalowners and for the merging of the County Unions. But again the old leaders, rather than forego their vested interests, refused to accept the ballot votes which were in all cases backed by Branch decisions. Many and varied wangles were resorted to in order to prevent the new officers taking control of the organisations.

1928 AND SOME MISTAKES

With the ever-increasing pressure from the coalowners the miners, faced with sabotage by the old leaders, deserted the Unions in thousands. The drop since the lock-out had been constant and ever growing in numbers, but during the first half of 1928 it assumed enormous proportions. In autumn of last year only 22,000 miners were in the County Unions out of 96,000 workers in the Scottish coal-

fields. This figure included both Communist supporters and the die-hards behind the old leaders, and was mainly in Fife, where a measure of Union control had been won by Party members. Autumn of 1928 saw the mass of Scottish miners voting against Mondism and its lackeys by leaving the Unions. *The main mistake of the Party during 1928 was that it confined its attention to the inner-trade union fight against the Reformist leadership to the exclusion of agitation, organisation and independent leadership of the miners in local struggles against the coalowners.* A perusal of the pamphlet by Comrades MacArthur and Proudfoot, "Barriers of the Bureaucrats," reveals a concentration upon the formal struggle for control of the apparatus which contrasts most glaringly with the absence of a well-organised campaign on economic issues which directly touched the men's interests. Small wonder then that the miners began to view the fight inside the Unions as a struggle for jobs—a fight of Allan versus Small, or Hodge versus Adamson, with a prize of a safe and easy union post to the victor.

THE SAVE THE UNION COUNCILS.

A start was made in the direction of a better policy when the Party decided (very late in the day) to co-operate with the militants through the medium of "Save the Union Councils" and Committees. At the Falkirk Conference, held on October 13th, at which the first "Save the Union Council" was formed, it was becoming clear that if the Party was to hold the support of the miners more attention must be paid to issues directly affecting their welfare. At this Conference, where a representative committee of militants was chosen, admirable resolutions were passed setting out the lines to be taken on urgent economic questions. It was also understood that the inner-union fight could only have one ending, *i.e.*, that the reformists would split the Unions at no far distant date. But following the Falkirk Conference the work of the "Save the Union Councils" and Committees was only partially successful because once again the immediate position of the miners was relegated to a bad second place, to the inner-

union fight. A glance through the first few issues of the *Scottish Mineworker*, published by the National "Save the Union Committee," shows a complete absence of matter relating to the struggle in the pits, but is crowded with news of the fight with the old leaders.

Hard facts began to assert themselves. The miners were fighting shy of the "Save the Union" Conferences and meetings. Party members were getting tired of attending small old union branch meetings which were a farce. On all hands the cry could be heard "it's no use paying money to that old crowd" and "you will never shift them unless you use dynamite," or in some cases worse still, "we are not coming into the old union again; the Communists are no different from the old crowd; you are all after jobs and don't care for the men."

The Central Committee of the Party, in consultation with the E.C. members in Scotland thoroughly reviewed the position at the end of November. It was then decided to force the "Save the Union Councils" to adopt a basis of struggle for immediate demands; to organise all miners irrespective of union membership as a preliminary to definite action in the formation of an all-inclusive miners' union for Scotland. One bad mistake was made, however, which hampered the full application of the above decisions. The Scottish D.P.C. proposed the alteration of the name as it was misleading and confusing and suggested the term "Save the Miners' Councils." This it was considered would show that the policy of the Council was directed mainly against the coalowners with the fight against the officials as part of the general fight against Capitalism, but because the Central Committee considered this would strengthen the Left elements who were pressing for the immediate formation of the New Union and would tend to slacken down the fight in the Old Unions, the proposal of the D.P.C. was not agreed to.

PREPARING THE GROUND FOR THE U.M.S.

The "Save the Union Council" did good work, however. It made a good move in consolidating the militants, and whilst it did not

succeed in convincing the rank and file miners that it was a point of alternate concentration against the coalowners, it certainly prepared the way for the first Conference of the New Union.

At the start of the present year the Scottish D.P.C. and the Central Committee were both ready for the final break. The policy of being able, finally and completely to throw the onus for the break upon the old union leaders (a policy which has been severely criticised in some quarters), was too soon to be rewarded. On March 5th, W. Allan was, along with several other Party members and militants suspended from office by the Lanarkshire Miners' Union. In Fifeshire Adamson had already left the Fife Union, and had organised a Scab Union, and proof was forthcoming of his recognition by the M.F.G.B. and the rump E.C. of the Scottish Mineworkers' Union. The D.P.C. moved quickly and convened the first Conference to set up the UNITED MINEWORKERS' OF SCOTLAND. This was afterwards endorsed by the Central Committee. The first call resulted in 138 delegates attending at Glasgow on April 13th, and the decision to form the New Union was unanimous. (Fife abstained from voting, the delegates being present in a watching capacity.)

TWO DISTRICTS LEFT OUT.

Only four out of the six counties started personal recruitment for the U.M.S. In East Lothians it was considered advisable, owing to the militants feeling the job was too big without serious preparation, to run a preliminary agitational campaign. At the end of the campaign the East Lothians comrades again wanted delay, UNTIL SOME BRANCHES HAD BEEN WON OVER and a basis found for the new union. The D.P.C. insisted upon immediate recruitment and the results of the actual application of this decision have proved that the direct approach to the men has been more than justified.

In Fife, we had very great difficulties in bringing the Union into line. The only way to get the mass of the men and at the same time the local organisations was to secure a decision which meant in effect the liquida-

tion of the old Union. For it was found that the Fife Union was carrying a colossal burden of debt, passed on to it by slick Mr. Adamson, which could not, under any circumstances, be allowed to hang round the neck of the U.M.S. When it came to action the "Lefts," acting in close concert with the M.F.G.B. and Mr. A. J. Cook (who for a long time the Party had placed too much faith in), did all possible to confuse the issue and prevent Fife coming in. When the Acting Secretary (Hodge) adopted the tactics of the old leaders and started to wangle ballot votes we took immediate action and convened the Lochgelly Conference. Over 100 local and county officers answered the call and the U.M.S. broke through into Fife, leaving Hodge with a rump organisation. The M.F.G.B. and Cook, after using the "Lefts" against us, now have spurned them in favour of Adamson. Thus the New Union spread its organisation over the entire Scottish coalfield and is now making rapid progress in consolidating its central, area and local organisations and gaining new members. (At a mid-July meeting of the Scottish D.P.C., Comrade Allan, the General Secretary, reported the membership of the New Union at 12,000, a total which has grown even bigger since then, a very satisfactory basis for the first Annual Conference to work upon.)

At the moment of writing, the first three area conferences of the U.M.S. have just been held on the questions:—

- (a) The War Danger and August 1st.
- (b) Preliminary Agenda for the First Annual Conference.

These were attended by 106 delegates (Fife), 86 delegates (Lanarkshire), and 56 delegates (Ayrshire), all decisive delegates and all working miners. Three small areas have still to hold their conferences (Stirling, West Lothians and East Lothians). For comparison we need only to state that at the first initial conference of the U.M.S. there were only 136 delegates present, many with consultative votes and many (all Fife delegates) with a "watching brief."

THE U.M.S. AND THE ENGLISH MINERS.

Before dealing with the future tasks of the Party in relation to the U.M.S. it is abso-

lutely necessary to draw attention to serious errors in connection with the failure of the E.C. of the Party and of the leadership of the M.M. to carry through a supporting campaign in the English districts.

As far back as September of last year it was agreed that the events in Scotland would have big repercussions right throughout the ranks of the miners in England and Wales. It was decided to wage an energetic campaign round the need for united action to secure a National Agreement when the present one terminates in several important districts, including Scotland, at the end of 1929. Again in December and April similar decisions were arrived at in committee and agreed to by the Central Committee, the latest one placing support for the U.M.S. in English districts as first on the list of instructions.

The question should be asked now "Does the formation of the U.M.S. represent struggle against Mondism and the Labour Bureaucracy at its sharpest point"? Surely the answer is yes. But look over the recent issues of the *Workers' Life*, the *Worker* and the *Sunday Worker*; examine the district reports; review the Party preparations for the M.F.G.B. Conference; see if any special significance is attached by the Party Central leadership to the Draft Agreement issued by the U.M.S.; observe the treatment of the U.M.S. Manifesto to the M.F.G.B. delegates at Blackpool. One can say with truth that the centres, both Party and M.M., have failed to inspire the Party and M.M. membership to carry through this supporting and explanatory campaign. This failure is one of primary importance. It is all the worse by virtue of the fact that the Scottish District has never lost sight of the importance of the campaign in England and has frequently advised the centre of the attitude adopted by the U.M.S. to the M.F.G.B. and the English miners (a procedure which surely should have been reversed). The quick correction of this error is absolutely essential.

THE CONFERENCE OF THE U.M.S.

Unlike the conferences of the old unions, which were packed with full-time officials, the first Annual Conference of the U.M.S. will draw its delegates direct from the pits and

decisive votes will be *only* issued to such delegates. The question of primary importance is the final adoption of a National Programme, one which can be used as a basis for opposition to the coalowners when the present agreement ends. Such a programme in draft form is before the membership already and deals with hours and wages of adults and youths, guaranteed weekly wage, payment for overtime when allowed by the Pit Committees, holidays with pay, compensation questions and conditions of safety and work.

The second question is that of organisation. In contradistinction to the old forms, the rules of the U.M.S. must so be framed as to give complete workers' democracy to its membership. The powers of the officials must be subject to report and their posts to an easily operated system of recall in event of anti-working class actions. The organisation, while being highly centralised for effective action against its class enemies must at the same time allow freedom of quick action, in local disputes, to its branches and Pit Committees. A form must be found to provide for unemployed miners participating fully in membership and activities of the Union. Any attempt to restrict their powers must be resisted. Young miners must be specially catered for and ways and means found for the organisation of miners' wives and women folk in close association with the Union.

The draft rules and constitution now circulated for amendment and addition do cover these essential points.

Finally, the Conference must clearly define its position in regard to the M.F.G.B. and the rank and file of the British miners. The belief that it is possible or desirable to obtain official recognition and affiliation to the M.F.G.B. must be combatted. On the other hand our

Communist comrades will need to explain the absolute necessity of the U.M.S. constantly associating itself with the rank and file miners of England and Wales on all issues of struggle. The U.M.S. must be in the vanguard inspiring unity on issues of struggle as a pathway to organisation unity—a form of unity which cannot be achieved through the medium of the M.F.G.B., controlled as it is by the present bureaucracy.

LOOKING AHEAD

From now on, the Communist comrades, on whom falls the great task of building and consolidating the U.M.S., will need to keep one point concentrated in their minds. The old unions broke up because they were not organs of struggle. Rationalisation proceeds apace in Scotland, more fundamental contradictions are accruing for capitalism as a result. Even the strenuous attempts of the Labour Party to show the coalowners how to run the mines more efficiently for capitalism are doomed to failure. The days ahead are days of struggle. Efforts must therefore be made to stamp out formal and social-democratic trade unionism and to eradicate the conception that the Union can be built by mere propaganda or by offering better benefit scales. Show to the workers that the U.M.S. will fight for them and success is assured. In conclusion, the fight for a real militant Union involves not only a breaking down of the county barriers, but a fight against Scottish and British insularity. Coincident with struggle an enlightenment campaign on wider and international questions must be spread amongst the members, militant International and Colonial Trade Union links must be forged for the Scottish miners to play their part in the last and final struggle.